

**INITIAL STATEMENT OF REASONS**  
**Title 13, Article 3.7, Sections 230.00 through 230.30**  
**Lien Sales**

Vehicle Code Section 22669 authorizes public agencies to remove vehicles that have been abandoned on the highways. The intent of this regulation is to provide the information necessary to process lien sales on vehicles with a value of \$300 or less that have been abandoned or removed by a public agency. This regulation will make sure all of the steps are followed. This regulation will make sure all parties having an interest in the vehicle are notified before the disposal of the vehicle. A vehicle disposed of under these provisions can only be sold to a licensed dismantler or scrap iron processor and cannot be restored and re-registered unless it qualifies as either a horseless carriage or historical vehicle.

**§230.00. Definitions.**

Civil Code Section 3072 and Vehicle Code Section 22851.8 require that persons known to have an interest in the vehicle be notified of pending lien sales and be given an opportunity to redeem the vehicle or to oppose the lien sale. The statute does not define interested party. Therefore, a lienholder may not be aware of who needs to be notified.

The purpose of subdivision (a) is to establish a uniform definition of an interested party. Defining this term in regulation is necessary for the regulations to be clearly understood by those affected. Because the statute requires notification by the lienholder of a pending lien sale, the lienholder needs to be aware of the definition of an interested party in order to identify all individuals who must be notified. By using the term “includes but is not limited to” it will make sure all interested parties, who do not meet the definitions in this subsection, will be notified. In addition, under specific situations, the department is charged with identifying interested parties, and a uniform definition in regulations will ensure that the department identifies the appropriate parties. The regulatory definition will also allow individuals who are themselves “interested parties” to determine if the statutory notification requirements were met.

A person whose name appears on the work order for repairs would be considered an interested party because taking responsibility for maintenance of a vehicle is an indication that the person may have an interest in the vehicle.

A person whose name does not appear on the department’s records but who the lienholder knows to be an owner or transferee is considered an interested party because the person may actually own the vehicle.

A person listed as the latest owner of the vehicle on a Notice of Release of Liability filed with the department but who does not appear as the current owner on department records is considered an interested party because the party may have bought the vehicle but not completed the paperwork to transfer ownership.

A person who is known to have a financial interest in the vehicle without actually owning the vehicle would be considered an interested party because the person has an interest to protect.

The definition of authorized representative in subdivision (b) is necessary because a company may own one or more vehicles and may wish to designate a person to sign on behalf of the company on all documents related to their vehicles. This makes it convenient for the companies to designate one person to handle these types of items.

**§230.05. Notification of Intended Disposal of Vehicle Valued at \$300 or Less Which was Removed by a Public Agency for Reasons Other than Abandonment.**

Vehicle Code Section 22851.6 requires the disposal of vehicles valued at \$300 or less which were removed by a public agency for reasons other than abandonment to be conducted pursuant to Vehicle Code Sections 22851.8 and 22851.10. Vehicle Code Section 22851.8 contains requirements for the lienholder to provide notice of the intent to dispose of a nonabandoned vehicle valued at \$300 or less which was ordered removed by a public agency. The statute specifies certain information that must be included in the notices and provides certain requirements for mailing the notices. The statute does not specify the format for the notice or all procedural requirements that must be met.

The purpose of this section is to implement Vehicle Code Sections 22851.8 and 22851.10 by specifying the form and the content of the form, which must be used to notify owners and interested parties of the intended disposal, and by providing clarification of procedural requirements not specified in the statute.

**Subdivision (a)**

Vehicle Code Section 22851.8 subdivision (a) requires the lienholder of a vehicle valued at \$300 or less to request from the department the names and addresses of all persons having an interest in the vehicle within 15 working days following possession of the vehicle. The statutory time frame for submitting the request is repeated in regulation to ensure the lienholder is aware of the restriction on the lien amount if the request is not filed within the time limit. A reference to the regulatory section governing the procedures to request the name and address information is provided in subdivision (a)(1) and (2) for clarity.

Subdivision (a)(3) is necessary to require an inspection of the vehicle when the vehicle identification number is not on the vehicle in order to comply with Civil Code 3072.

**Subdivision (b)**

Vehicle Code Section 22851.8 requires the lienholder to notify owners and interested parties of the intended disposal of the vehicle immediately after obtaining the name and address information from the department. Vehicle Code Section 22851.8 subdivision (b) requires a return envelope preaddressed to the lienholder to be sent with the notice and that the notice be sent to the legal and registered owners, and any other interested parties at the addresses of record with the department. The requirements are repeated in regulation for clarity because they provide a framework for the sequence of procedures which must be accomplished. A specific form must be used to provide an efficient method which ensures all required information is contained on the notice

**Subdivision (c)**

It is necessary to specify that the notice must be mailed at least 15 days prior to the disposal, not including the date the notice is mailed, to ensure consistency with the time frame specified in Vehicle Code Section 22851.10 subdivision (a). It is necessary to provide direction in regulation for those situations when the department has no record of the vehicle and cannot furnish information on the legal and registered owners so the lienholder will know the requirements for proceeding with the process. Vehicle Code Section 22851.8 subdivision (b) requires the notice to be sent by certified mail, return receipt requested, or by United States Postal Certificate of Mailing. The department has determined that when the statute requires mail to be sent by certified mail, return receipt, it is consistent with the intent of the statute to allow alternative methods of mailing which provide evidence of mailing and receipt and a control number. The alternative methods of mailing would accomplish the same level of control as certified mail and would allow flexibility in the method of mailing for convenience. It is necessary for consumer protection to require the lienholder to additionally send a notice to an alternate address if the lienholder has knowledge of a different address from the address in the department's records. This requirement is consistent with the statutory intent for all owners and interested parties to have an opportunity to redeem the vehicle or oppose the disposal.

**Subdivision (d)**

It is necessary for the notice to contain an explanation of its purpose so the notified party(ies) will immediately have a frame of reference to understand the content of the form. An explanation of the actions available to prevent the sale of the vehicle and/or to retrieve the vehicle is required for consumer protection. It is necessary to inform the last owner that, unless a Release of Liability is filed with the department, he or she may be liable for specified costs if the notice is ignored so the last owner will be aware of the liabilities and consequences of not taking action.

It is necessary for clarity to specify the vehicle information required on the form. The license plate number, state of registration, and license expiration may be provided if the lienholder can supply this information. This information is voluntary since these vehicles may be stripped and have no license plate visible on the vehicle. The vehicle identification number, make, year, and model, and the engine number, if the vehicle is a motorcycle, are required by Vehicle Code Section 22851.8 subdivision (c)(1). The body

type of the vehicle is also needed because it is a standard item which can assist the owners or interested parties to identify the vehicle.

Vehicle Code Section 22851.8 subdivisions (c)(3)(A) and (B) require the notice to contain the amount of the lien and the facts concerning the lien. The regulations must specify those factors on which the amount of the lien is computed and the factors which give rise to the lien in order to interpret and make specific the statute. It is necessary to include when the vehicle came into possession of the lienholder so the party being notified can confirm that the lienholder has a legal basis for the lien and the lien limitations of Vehicle Code Sections 22851 and 22851.8 have not been exceeded. Those items, which are included in the lien, must be specified so the party being notified can understand how the costs were derived. It is necessary to require the notice to contain the date of the intended disposal and the date the notice is mailed in order to ensure that the disposal is scheduled to take place at least 15 days after the notice is mailed, as required by Vehicle Code Section 22851.10 subdivision (a), and to enable a determination that Declarations of Opposition are filed timely. Civil Code Section 3074 subdivision (a) and Vehicle Code Section 22851.12 limit the cost of processing the vehicle for disposal to \$70.

Vehicle Code Section 22851.8 subdivision (c) requires the notice to be signed under penalty of perjury. It is necessary to require the lienholder or the agent acting for the lienholder to sign and date the certification acknowledging the accuracy of the information provided and confirming that the lien is valid, the lien amounts are within allowable limits, and the lienholder or agent has no knowledge of a valid defense to the claim giving rise to the lien. By signing and dating the certification, a legal basis is established to hold the lienholder or agent accountable for the information contained on the form. The lienholder's name, telephone number, and address are necessary so the lienholder can be contacted. It is necessary to require the agent's name, telephone number, and address so the agent can be contacted. It is necessary for consumer protection to require the registration service number if the agent is a registration service, as defined in Vehicle Code Section 505.2, in order to establish that the agent is properly licensed to conduct such business. A representative of a business must countersign or initial the form when a company signature is used so the individual completing the form can be identified. This is consistent with the department's policy on required signatures for other registration documents.

The names and addresses of the registered owner, legal owner, and other interested parties are required by Vehicle Code Section 22851.8 subdivision (c)(2). Vehicle Code Section 22851.8 subdivision (b)(2) requires a blank Declaration of Opposition to be sent with the notice. The department has determined that it is most efficient and effective to include the Declaration of Opposition as a portion of the notice itself, which may be photocopied and returned to the lienholder.

**§230.10. Opportunity to Oppose Disposal of Vehicle Valued at \$300 or Less.**

Vehicle Code Section 22851.8 contains provisions for the owners or interested parties to protest the disposal by sending a Declaration of Opposition to the lienholder. The statute specifies the time frames for filing the Declaration of Opposition but does not specify the content of the declaration or all procedural requirements which must be met.

The purpose of this section is to implement Vehicle Code Section 22851.8 by specifying the procedures which occur when a Declaration of Opposition is received by the department.

**Subdivision (a)**

It is necessary to state the time frame for the recipient to submit the Declaration of Opposition form. The time allowed of ten days gives the recipient time to forward their opposition before the lienholder disposes of the vehicle.

**Subdivision (b)**

It is necessary to make sure the lienholder is aware of the procedures to be followed when a Declaration of Opposition is received. It is important to specify what must happen in order for the lienholder to be able to conduct a lien sale after receiving a Declaration of Opposition to the sale.

**§230.15. Statement of Facts Regarding Disposal of Nonabandoned Vehicles Valued at \$300 or Less.**

Vehicle Code Section 22851.10 specifies the requirements for disposal of vehicles valued at \$300 or less, and requires certain information and documentation to be provided to the dismantler or scrap iron processor.

The purpose of this section is to specify the form and the content of the documents the lienholder must complete and deliver to the dismantler or scrap iron processor.

**Subdivision (a)**

The lienholder must complete a Statement of Facts for Vehicles Valued at \$300 or Less Removed by a Public Agency for Reasons Other Than Abandonment CVC 22851.8 [form REG 686 (REV. 11/97)] so the dismantler or scrap iron processor will have the documentation necessary to ensure that disposal of the vehicle is legally authorized. A specific form is required to ensure all the required information is provided allowing the dismantler or scrap iron processor to verify that procedural requirements for disposal were met and to ensure the dismantler or scrap iron processor has the documentation required by Vehicle Code Section 22851.10.

It is necessary for the Statement of Facts to include a statement that the vehicle was disposed of either to a licensed dismantler or a scrap iron processor because that explains the purpose of the form. The name(s) of the lienholder(s) is necessary to identify who is making the statement. It is necessary to require the vehicle description on the statement

of facts so the identity of the vehicle is established. Vehicle Code Section 22851.10 requires the dismantler's or scrap iron processor's identity and the amount received by the lienholder for the vehicle.

The lienholder is required by Vehicle Code Section 22851.10 to provide to the dismantler or scrap iron processor a statement signed under penalty of perjury that no Declarations of Opposition were received, a copy of the notices were sent to all interested parties, a certification from the public agency which determined the value of the vehicle, the proof of service or a copy of the court judgment in favor of the lienholder. The lienholder must indicate on the statement of facts under what authority the vehicle was disposed of to enable the dismantler or scrap iron processor to determine if the lienholder has a legal basis for the lien and has authority to dispose of the vehicle. The lienholder would be authorized when no Declarations of Opposition are received, when the department authorizes the disposal after unsuccessful service, when there is no record of the vehicle and no known interested parties, when a court judgment is obtained in the lienholder's favor, or a Release of Interest is obtained from the person who opposed the disposal. The Statement of Facts allows the statement which applies to be marked.

It is necessary to require the lienholder or agent acting for the lienholder to sign and date the certification acknowledging the accuracy of the information provided and confirming that the lienholder disposed of the vehicle in accordance with the law. By signing and dating the certification, a legal basis is established to hold the lienholder responsible for the information contained on the form. The lienholder's or agent's telephone number and address are necessary so the lienholder or agent can be contacted. It is necessary for consumer protection to require the registration service number if the agent is a registration service, as defined in Vehicle Code Section 505.2, in order to establish the agent is properly licensed to conduct such business. A representative of a business must countersign or initial the form when a company signature is used so the individual completing the form can be identified. This is consistent with the department's policy on required signatures for other registration documents.

#### **Subdivision (b)**

It is necessary for clarity to refer to the statutory time frame for submitting the required documentation to the dismantler or scrap iron processor. It is necessary to specify the documents that must be submitted with the Statement of Facts so the lienholder is aware of the required documentation and the dismantler or scrap iron processor will know what documentation to expect. In addition to the proof of service or copy of the court judgment in favor of the lienholder, required by Vehicle Code Section 22851.10, the department's letter allowing the disposal to take place after unsuccessful service, or a release of interest obtained from the party who opposed the disposal, establishes the legal authority of the lienholder to dispose of the vehicle. A certified copy or a photocopy of the certified copy of the court judgment document is necessary because the document would bear the seal of the court which ensures it is the official record of the court judgment. The release of interest submitted must bear the original signature to guard against the submittal of a fraudulent document. The regulations clarify that the documents must be submitted when applicable. Vehicle Code Section 22851.10 requires

a copy of the notices be sent to all parties and the certification from the public agency which ordered the removal of the vehicle to be submitted to the dismantler or scrap iron processor. The postal receipts for the notices of the intended disposal of the vehicle must be attached as evidence that the owners and interested parties were properly notified.

**§230.20. Notice of Intent to Dispose of Abandoned Vehicle Valued at \$300 or Less Which Was Removed by a Public Agency.**

Vehicle Code Section 22851.3 requires the lienholder of an abandoned vehicle valued at \$300 or less, which was removed by a public agency, to notify owners and interested parties of the intended disposal of the vehicle when requested by the public agency. The statute specifies certain information which must be included in the notices and provides certain requirements for mailing the notices. The statute does not specify the format for the notice or all procedural requirements which must be met.

The purpose of this section is to implement Vehicle Code Section 22851.3 by specifying the form and content of the form, which must be used to notify all interested parties of the pending disposal of the vehicle, and to provide clarification of the procedural requirements not specified in the statute.

It is necessary to specify in regulation all the requirements for the content and mailing of the notice, including those that are specified in statute and those which are discretionary. The regulations could mislead the affected public if they contained only a partial description of the requirements.

**Subdivision (a)**

The regulations refer to the statutory requirements contained in Vehicle Code Section 22851.3 subdivisions (c) and (d) that the lienholder obtain the names and addresses of the owners and interested parties from the department when requested by the public agency and notify owners and interested parties by certified mail of the pending disposal within 48 hours of the date the vehicle was removed, excluding weekends and holidays. This reference is necessary for clarity because it provides a framework for the sequence of procedures that must be accomplished. Vehicle Code Section 22851.3 does not require that an actual copy of the department's records be obtained. A reference to the regulatory section governing the procedures for requesting information from the department is necessary for clarity.

**Subdivision (b)**

A specific notification form must be used to provide an efficient method to ensure all required information is contained on the notice. Vehicle Code Section 22851.3 subdivision (d) requires the notice to be sent to the legal owners and the registered owners, and any other interested parties at the addresses of record with the department. It is necessary for consumer protection to require the lienholder to additionally send a notice to an alternate address if the lienholder has knowledge of a different address than the department's address of record. This requirement is consistent with the statutory

intent for all owners and interested parties to have an opportunity to redeem the vehicle or stop the disposal by requesting a hearing.

**Subdivision (c)**

Vehicle information must be included on the notice so the person being notified can identify the vehicle. The license plate number, vehicle identification number, make, and mileage are required by Vehicle Code Section 22851.3 subdivision (d)(2). The state of registration, year, model, and the engine number if the vehicle is a motorcycle are also needed because they are additional points which may be used to facilitate identification of the vehicle.

It is necessary for the notice to contain a statement that the vehicle was removed from a public street by order of a public agency pursuant to Vehicle Code Section 22669 so the recipient of the notice is informed of the authority and purpose for the removal of the vehicle, as required by Vehicle Code Section 22851.3 subdivision (d)(3). The name, address, and telephone number of the public agency providing the notice is required to be included by Vehicle Code Section 22851.3 subdivision (d)(1). The department has determined that this information is required on the notice when the lienholder is requesting to send the notice for the public agency because the lienholder is acting on behalf of the agency and the notice should provide information allowing the recipient to contact the agency that caused removal of the vehicle. The statute also requires the name and address of the location where the vehicle is stored. The regulation further requires the telephone number of the location to facilitate contact with the storage site.

Vehicle Code Section 22851.3 subdivision (d)(4) requires the notice to contain a statement that the lienholder intends to dispose of the vehicle within 15 days of the date the notice is sent. It is necessary for consumer protection to describe the actions that can be taken to stop the disposal of the vehicle. It is necessary for the notice to specify that the vehicle can be redeemed by paying of the bill within 15 days of the notice and to specify the amount for towing, storage based on a specified daily rate, and other specified costs so the recipient of the notice is aware of the basis for the charges. This provision is necessary to interpret Vehicle Code Section 22851.3 subdivision (i) which allows the lienholder to collect reasonable fees for services rendered, but prohibits the collection of lien sale fees. Vehicle Code Section 22851.3 subdivision (d)(5) requires the notice to describe the hearing rights available to owners and interested parties and to indicate that the vehicle cannot be disposed of until the hearing process is complete. It is necessary for the notice to contain a statement that the notice can be disregarded to allow disposal of the vehicle if the recipient is no longer interested in the vehicle so the recipient is aware of the appropriate action to take if there is no longer an interest in the vehicle.

It is necessary to require the lienholder or the agent acting for the lienholder to sign and date the certification acknowledging the accuracy of the information provided and confirming that the lienholder or agent has no knowledge of a valid defense to the claim which gives rise to the lien. By signing and dating the certification, a legal basis is established to hold the lienholder or agent accountable for the information contained on the form. The lienholder's name, telephone number, and address are necessary so the



lienholder can be contacted. It is necessary to require the agent's name, telephone number, and address so the agent can be contacted. It is necessary for consumer protection to require the registration service number if the agent is a registration service as defined in Vehicle Code Section 505.2, in order to establish the agent is properly licensed to conduct such business. A representative of a business must countersign or initial the form when a company signature is used so the individual completing the form can be identified. This is consistent with the department's policy on required signatures for other registration documents.

**Subdivision (d)**

It is necessary for the lienholder to complete the Statement of Facts for Vehicles Valued at \$300 or Less Removed by a Public Agency CVC 22851.3 [form REG 686 (REV. 11/97)] for submittal to the dismantler or scrap iron dealer as evidence that a legal basis for the lien exists and notification was sent to the owners and interested parties for the vehicle which is being disposed.

**Subdivision (e)**

The certification that the vehicle was properly towed establishes that the lienholder has legal possession of the vehicle. The vehicle identification number is necessary to establish that the towed vehicle is the same vehicle that is being disposed. The names and addresses of the persons notified, an indication that the notices were sent by certified mail and the receipt numbers, and the name of the person who mailed the notices are necessary to establish that the owners and interested parties were notified as required. The printout used to establish the names and addresses of the persons notified, must be attached as evidence that the correct persons were notified at the correct addresses. If a printout was not obtained, the lienholder must indicate that the information used for notification was based on information from the department's records and/or from the public agency that ordered the removal of the vehicle. The lienholder's name, address, and telephone number are necessary to identify the lienholder and to allow the lienholder to be contacted. The lienholder's signature and date signed is required to validate the certification under penalty of perjury that the information is true and correct. The date of notification is required to ensure that at least 15 days have elapsed since the notification was sent. A representative of a business must countersign or initial the form when a company signature is used so the individual completing the form can be identified. This is consistent with the department's policy on required signatures for other registration documents.

**§230.25. Disposal of Abandoned Vehicles Valued at \$300 or Less to Dismantler or Scrap Iron Processor.**

Vehicle Code Section 22851.3 subdivision (h) requires the lienholder to obtain authorization on a form specified by the department to dispose of the vehicle from the public agency which ordered the removal of the vehicle.

The purpose of this section is to specify the form approved by the department for this purpose and the content of the form in order to make the statute specific.

**Subdivision (a)**

It is necessary for clarity to repeat the statutory requirements of Vehicle Code Section 22851.3 regarding the time frame for obtaining the public agency authorization to dispose of the vehicle in order to provide a framework for the regulatory requirements contained in this section. It is necessary to specify in regulations the form which the lienholder must use to obtain authorization and the information which the lienholder must provide on the form prior to disposing of the vehicle to a licensed dismantler or scrap iron processor.

**Subdivision (b)**

The lienholder must be informed that if it is not possible to contact any owners or interested parties, the lienholder may take immediate action to dispose of the vehicle.

**Subdivision (c)**

It is necessary for the lienholder to provide the date the owners were notified to ensure the statutory time frame has passed between notice and disposal of the vehicle. It is necessary for the lienholder to enter the name and address of the dismantler or scrap iron processor to provide a trail of the vehicle's location. The lienholder must enter the license number of the dismantler to whom the vehicle is being disposed to ensure compliance with Vehicle Code Section 22851.3 subdivision (j), which requires that disposal be made to either a scrap iron processor or a licensed dismantler. The lienholder must sign and date the certification to acknowledge the accuracy of the information provided. By signing and dating the certification, a legal basis is established to hold the lienholder accountable for the information contained on the form. The lienholder's signature also serves to release interest in the vehicle to the dismantler or scrap iron processor.

**Subdivision (d)**

It is necessary for the lienholder to submit the specified documents to the dismantler or scrap iron processor because these documents are subsequently used by the dismantler or scrap iron processor to substantiate that the vehicle was legally disposed of.

**§230.30. Continuation of Lien Sale Process Following Inability to Effect Service of Court Action.**

The purpose of this section is to make specific Civil Code Section 3072 subdivision (e) and Vehicle Code Section 22851.8 subdivision (e) by specifying the method of notification to the department of unsuccessful service. The regulations also serve to clarify these statutes by describing a qualified process server.

**Subdivision (a)**

Civil Code Section 3072 subdivision (e) and Vehicle Code Section 22851.8 subdivision (e) allow the lienholder to continue with the lien sale or disposal of the vehicle following the receipt of a Declaration of Opposition from any owner or interested party if the

lienholder is unable to effect service of a court action on the declarant. The statutes describe an inability to effect service on the declarant as either the return of unclaimed certified mail addressed to the declarant at the address on the Declaration of Opposition or the inability of a marshal, sheriff, or licensed process server to effect service in person on the declarant. The statutes require the lienholder to notify the department of the inability to effect service, upon which the department will authorize the continuation of the lien sale or disposal process.

It is necessary for clarity to repeat the conditions described in statute which constitute an inability to effect service because this sets the framework for understanding the procedures which follow. It is necessary to clarify and interpret the statute by including a description of a qualified process server; as such individuals are not actually licensed, but rather are registered with the county clerk according to Business and Professions Code Section 22350.

**Subdivision (b)**

A specific form must be used to notify the department of the inability to effect service and apply for authorization to continue with the vehicle disposal process because such a form provides an efficient method which ensures all required information is provided. It is necessary to provide the vehicle identification number on the application form so the department can match the form with the vehicle records. The name of the person who opposed the sale and the address where service was attempted is necessary for the department to ensure that service was attempted on the correct person at the correct address.

It is necessary to require the lienholder to indicate the process under which the lien sale will be conducted based on the value of the vehicle so the department can determine under which Civil Code or Vehicle Code section to authorize the sale or disposal.

It is necessary to indicate the method of notification which was attempted so the department will know whether a copy of the court documents used for personal delivery or the unopened mail, which was sent by certified mail, should be included with the application.

It is necessary to require the lienholder or the agent acting for the lienholder to sign and date the certification which acknowledges the accuracy of the information provided. By signing and dating the certification, a legal basis is established to hold the lienholder or agent accountable for the information contained on the form. The lienholder's name, telephone number, and address are necessary so the lienholder can be contacted. It is necessary to require the agent's name, telephone number, and address so the agent can be contacted. It is necessary for consumer protection to require the registration service number if the agent is a registration service, as defined in Vehicle Code Section 505.2, in order to establish the agent is properly licensed to conduct such business.

**Subdivision (c)**

Civil Code Section 3072 subdivision (e) and Vehicle Code Section 22851.8 subdivision (e) requires that a copy of the documents with which service on the declarant was attempted be provided to the department. When service was attempted by mail, the unopened mail must be submitted as evidence of unsuccessful service.